

Up to 500,000 CA companies eligible for substantial tax credit now

Washington, D.C. -- California small businesses will be getting a little bit of good news in their mailboxes. Rep. Linda Sánchez said today that companies eligible for new health reform tax credits will be getting a postcard explaining the credits and encouraging them to take advantage of the tax cut.

“This is the biggest health care tax cut in history,” Rep. Linda Sánchez said. “It’s important for Southern California small businesses to know it’s out there and they can start taking advantage of it immediately.”

The tax credit is available to small businesses with 25 or fewer employees and an average wage of \$50,000 or less that provide health insurance for their employees. Companies with 10 or fewer employees and an average wage of \$25,000 or less get the maximum credit—35% of what the employer is paying for employee insurance coverage. The maximum credit rises to 50% in 2014.

The tax credit is also available to small non-profits. For non-profits, the tax credit is worth up to 25% of what the employer is paying for employee insurance coverage.

The maximum credit for non-profits rises to 35% in 2014.

Rep. Linda Sánchez said the tax credit is especially important to getting the economy of California moving again.

“There are 502,923 companies in California that meet the criteria for the tax credit,” said Rep. Linda Sánchez. “This is going to make it a little easier for companies already offering insurance to afford it and will allow more small businesses to start providing health care coverage for their workers.”

The tax credits are available now, beginning with this tax year (2010).

Beginning this week, the IRS is mailing more than 4 million postcards to small businesses around the country to help ensure that they realize they may qualify for the credit immediately.

The IRS provides answers to [Frequently Asked Questions](#) on the tax credits.

[View the postcard](#) .